

## **IC 27-15-8**

### **Chapter 8. Distribution of Consideration to Members**

#### **IC 27-15-8-1**

##### **Forms of consideration**

Sec. 1. The consideration to be distributed to the eligible members shall be:

- (1) cash;
- (2) stock or other securities of the former mutual or of the parent company;
- (3) additional paid up insurance or annuity benefits;
- (4) any combination of the forms of consideration listed in this section; or
- (5) other forms of consideration described in the plan of conversion and approved by the commissioner.

*As added by P.L.94-1999, SEC.3.*

#### **IC 27-15-8-2**

##### **Factors in determination of forms and amount**

Sec. 2. The amount and the form or forms of consideration to be distributed to a class, category, or group of eligible members may differ from the amount and form or forms of consideration to be distributed to another class, category, or group of eligible members. The choice of the amount and form or forms of consideration to be distributed to a class or category of eligible members may take into account such factors as the type of policies with respect to which the consideration is being distributed, the country or state of residence or tax status of the eligible members, the length of time the eligible members have been members of the converting mutual, or other appropriate factors or circumstances described in the plan of conversion.

*As added by P.L.94-1999, SEC.3.*

#### **IC 27-15-8-3**

##### **Delay in distribution; time limitation**

Sec. 3. Distribution of all or part of the consideration to some or all of the eligible members may be delayed, or restrictions on sale or transfer of any stock or other securities to be distributed to eligible members may be required, for a reasonable period of time following the effective date of the conversion. However, the period of time may not exceed six (6) months except as permitted under IC 27-15-12.

*As added by P.L.94-1999, SEC.3.*

#### **IC 27-15-8-4**

##### **Distribution of initial stock**

Sec. 4. (a) A converting mutual using IC 27-15-2-2 or a converting mutual using a simple plan of conversion under IC 27-15-2-3 may satisfy the requirement to distribute the fair value of the converting company to the eligible members by providing for the distribution to the eligible members of all of the initial stock

without the payment by or to the eligible members of any additional consideration.

(b) For purposes of this section, all of the initial issue of the only class of voting common stock of the former mutual or a parent company shall be considered distributed to the eligible members even if the plan of conversion or the application for approval provides for:

(1) the offer or sale, promptly following the effective date of the plan of conversion, to the public or to other persons of additional shares of the same class of voting common stock of the former mutual or a parent company at a price not less than the fair market value of that stock, with the proposed terms of the transaction disclosed to the commissioner in the application for approval;

(2) the distribution to or for the benefit of certain classes, categories, or groups of eligible members of cash, additional paid up insurance or annuity benefits, or other consideration in lieu of initial stock of the former mutual or a parent company, if:

(A) other consideration is required or appropriate as a result of tax considerations, the country or state of residence of the eligible members, the nominal value of the stock that those eligible members otherwise would be entitled to receive, or other factors or circumstances approved by the commissioner;

(B) the value of the other consideration to be distributed to those eligible members is substantially equal, as of the effective date of the conversion, to the value of the stock those eligible members otherwise would be entitled to receive;

(C) the eligible members who receive any consideration other than stock constitute not more than ten percent (10%) of the total number of eligible members; and

(D) the classes, categories, or groups of those eligible members, and the consideration they are to receive in lieu of stock, are described in the plan of conversion, with all additional material terms and conditions disclosed in the application for approval; or

(3) a delayed distribution of consideration that is approved under section 3 of this chapter or IC 27-15-12.

*As added by P.L.94-1999, SEC.3.*